

Board of Governors of the Federal Reserve
20th & C Streets NW
Washington, DC 20551

Topic: Reg. Z - The New Credit Card Rule that encompasses all Open-End lending

Comments:

We are a 4.2 million dollar credit union, serving 1350 members, of which 650 are borrowers. As a member-owned financial institution we provide low-cost loans and above competitive dividend rates on savings. We have always acted in the best interest of our members, unlike the banks that have created deceptive practices that Congress is attempting to correct. We do not charge late fees or increase loan rates due to delinquency, because we do not want to penalize members that are already going through difficult times.

We offer open-end loans to provide quick processing of member loans. We do not offer credit cards. With our open-end loan program a member signs a disclosure at the time of every advance that provides the amount of the loan, APR, monthly payment, and the first and following payment due dates. We do not increase loan rates on existing balances. The majority of our members are set up on automatic payroll deduction. Sending a monthly billing statement will only confuse our borrowers. Our quarterly statements are set up to cover all accounts that a member has with the credit union. This change will create additional paper statements, increase staff time/supplies, and postage cost. The cost of sending out these billing statements will be huge. These additional costs will result in increased loan rates and lower dividends to offset the additional costs. This will add no benefit to our members.

We strongly oppose the sections of the new Truth-in-lending regulations that pertain to Open-end lending. We agree with most of the provisions regarding predatory credit card company's practices, which we have never been involved in.

We ask that this issue be carefully looked at and these consumer open-end loans be excluded from the provisions of the new TIL Regulations.

Aida Barbosa, CEO
Brownsville City Employees
Federal Credit Union